Mr. Noor Ahmed  
Secretary  
Economic Affairs Division  
Ministry of Finance, Revenue and Economic Affairs  
Islamabad, Pakistan  

Re: IDA Financing No. 6270-PK (Khyber Pass Economic Corridor Project)  
Additional Instructions: Disbursement and Financial Information Letter (DFIL)  

Dear Mr. Noor Ahmed:

I refer to the Financing Agreement between Islamic Republic of Pakistan (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced project. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may request withdrawals of Financing funds in accordance with the instructions as the Association may specify by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter (“DFIL”) may set out Project specific financial reporting requirements. This letter constitutes such DFIL, and as revised from time to time, provides such additional requirements.


I. Disbursement Arrangements, Withdrawal of Financing Funds and Reporting of Uses of Financing Funds.

(i) Disbursement Arrangements:

Instructions (Schedule 1). The table provides the disbursement methods, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(ii) Electronic Delivery. Section 10.01 (c) of the General Conditions:

- The Association may permit the Recipient to electronically deliver applications (with supporting documents) through the Association’s web-based portal (https://clientconnection.worldbank.org) “Client Connection”. This option may be effected if: (a) the Recipient has designated in writing, its officials who are authorized to sign and deliver Applications and to receive Secure Identification Credentials (“SIDC”) from the Association for the purpose of delivering such Applications by
electronic means; and (b) all such officials designated by the Recipient have registered as users of “Client Connection”. The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the Association’s public website at https://worldbank.org and “Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits.

(i) Financial Reports. The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports (IFR) for the Project covering the semester by category and component.

(ii) Audits. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

III. Other Important Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s public website and “Client Connection”. The Association recommends that you register as a user of “Client Connection”. From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Association by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact at AskLoan@WorldBank.org using the following loan name and number: Khyber Pass Economic Corridor Project 6270-PK.

Yours sincerely,

______________________________
Patchamuthu Illangovan
Country Director, Pakistan
South Asia Region

Attachments

1. Form of Authorized Signatory Letter
2. Interim unaudited Financial Report (IFR)
### Basic Information

<table>
<thead>
<tr>
<th>Loan Number: 6270-PK</th>
<th>Country: Islamic Republic of Pakistan</th>
<th>Closing Date: Section III.B.2. of Schedule 2 to the Financing Agreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Borrower/Beneficiary:</strong> Islamic Republic of Pakistan</td>
<td>**Disbursement Deadline Date Subsection 3.7 ****</td>
<td>Four months after the closing date.</td>
</tr>
<tr>
<td><strong>Name of the Project:</strong> Khyber Pass Economic Corridor Project</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records, including invoice</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Interim unaudited Financial Report (IFR) in the format provided in Attachment 2 of the DFIL</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Interim unaudited Financial Report (IFR) in the format provided in Attachment 2 of the DFIL</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

### Designated Account (Sections 5 and 6 **)**

- **Type:** Segregated (as follows)
  - DA-A Sustainable Development Unit (SDU) at Planning and Development Department
  - DA-B Shared Services Unit (SSU) at Planning and Development Department

- **Financial Institution:** National Bank of Pakistan (through the State Bank of Pakistan)
- **Frequency of Reporting Subsection 6.3 (**) :** Semester

- **Ceiling:** Fixed at USD 64,000,000 (to be accessed based on a forecast for 1 semester, as provided in the IFR)
- **Currency:** United States Dollar (USD)

### Minimum Value of Applications (subsection 3.5)

The minimum value of applications for Reimbursement, Direct Payment, and Special Commitment is USD 12,800,000 equivalent.

### Authorized Signatures (Subsection 3.1 and 3.2 ***)
The form for Authorized Signatories Letter is provided in Attachment 1 of this letter

### Withdrawal and Documentation Applications (Subsection 3.3 and 3.4 ***)

- **Authorized Signatures** – The ASL will be sent to the following address:
  - The Bank/Association
  - Attention: Loan Operations Unit, WFACS (Pakistan)
  - 20-A Shahrah-e-Jamhoriate, G-5/1 Khayaban-e-Suhrawardy
  - Islamabad, Islamic Republic of Pakistan

- **Withdrawal Applications (WAs)** - All WAs and its supporting documentation will be electronically sent through the Bank’s system ClientConnection.

### Additional Instructions

**Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.**
[Letterhead]

Ministry of Finance

[Street address]

[City] [Country]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Mr. Patchamuthu Illangovan, Country Director

Re: Credit No. 6270-PK (Khyber Pass Economic Corridor Project)

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and [name of borrower] (the "Borrower"), dated ________, providing the above Financing. For the purposes of Section 2.02 of the General Conditions as defined in the Agreement, any 1[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Financing.

For the purpose of delivering Applications to the Bank, 2[each] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower, acting 3[individually] 4[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

3[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such

1 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

2 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

3 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

4 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

5 Instruction to the Borrower: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the Bank.
representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of SIDC”), the Recipient represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position]       Specimen Signature: ____________________

[Name], [position]       Specimen Signature: ____________________

[Name], [position]       Specimen Signature: ____________________

Yours truly,

/ signed /

[Position]
Attachment 2 - Interim unaudited Financial Statements (IFR)
Victor Ordonez, WFACS

Cleared with and cc: Hasan Afzal Zaidi, ISAT2
Adja Mansora Dahourou Simpore, ESAF2
Helene Bertaud, LEGES

Cc: Akram Abd El-Aziz Hussein El-Shorbagi, GGOAP